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Partnership working in UK financial services

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The idea of ‘partnership’ is less prominent than it was ten years ago, but new research shows that this approach to collaborative working is still strong in UK financial services. Dr. Stewart Johnstone looks at what partnership means in practice.

Developing collaborative workplace relations which can enhance productivity, job quality and employee engagement and so it is of significant interest to Human Resource Management (HRM) researchers, and as well as policymakers and business interests. Loughborough University has been investigating the nature of workplace ‘partnership’ agreements, where unions (or in some cases non-union employee representative bodies) commit to work together in a spirit of problem-solving, with the aim of achieving mutual gains outcomes. We investigated the experiences of three organisations in the financial services industry, based on in-depth case studies. The industry is characterised by a variety of systems of employee representation, including agreements with national trade unions, employer-specific staff association/unions, as well as non-union models. Arrangements for collective employee representation exist in 85% workplaces and financial services one of the few industries in the private sector where trade union recognition remains the norm¹. It is also an area of the economy where many high-profile partnership agreements have been struck in the last decade.

Experiences of partnership in financial services

What is partnership?

The formal definitions of partnership used in each organisation were very similar to those offered by the IPA. The key principles of a partnership approach were said to include a joint commitment to the success of the business, recognition of the legitimacy of different stakeholder interests, trust, consultation and flexibility. All organisations had some formal written document which identified a ‘partnership style’ in these terms, even if the term partnership was not always explicitly used. In terms of structures, partnership was associated with the development of an appropriate architecture for collective employee representation. In terms of values and behaviours, partnership was believed to be underpinned by commitments by employers and employee representatives to work in a different way, with emphasis upon collaboration, problem-solving, employee involvement, information sharing and pragmatism. It was the dynamics and quality of consultation and decision making processes which were believed to be central to the operation of the partnership model.

Managers stressed the importance of ensuring that all parties had a clear understanding of what partnership meant and what it was meant to achieve. In the organisations studied, partnership certainly did not mean a commitment to industrial democracy or the co-determination of decisions. Indeed, a union National Officer questioned whether the term partnership was actually misleading, as it perhaps implied a balance of power between the employer and union/ representative body. From his perspective, such debates were not productive, and he suggested that it was better to view partnership in a more pragmatic way. He suggested the core concepts were a genuine and explicit commitment to early consultation, as well as to the value and legitimacy of collective employee representation. One senior manager in one case organisation explained how before partnership, management tended to focus on defending the employer view, while the union focused almost exclusively upon the employee perspective. With partnership, he suggested both sides now spent considerable time considering both angles, and that this way of working required the ability to empathise but not necessarily to agree.

Partnership consultation was said to begin by exploring the rationale for proposals early on, and ensuring there was space and time for dialogue as well as opportunities to evaluate alternative options. Importantly, partnership was not believed to be associated with the development of some kind of utopian harmonious employment relations environment; occasional disagreements were believed to be a normal and healthy aspect of the partnership relationships. The crucial issue was how these disagreements were handled and resolved.

Why partnership?

The rationale behind partnership in each case organisation varied. In one case partnership was viewed as a natural evolution of good employment relations, and the cementing of well established relationships between union officials and members of the management team. In another organisation partnership was viewed as potential solution to a crisis, in an attempt to reconfigure management-union relations following a prolonged period of poor employment relations in the 1990s. Management and union relationships had broken down and there was a recognition by both parties that the situation was untenable. In the third case, partnership was a deliberate and preferred approach to managing employment relations in a modern, non-union greenfield context, where there was an opportunity to develop a bespoke model of employee representation.

What are the benefits?

Senior managers were generally supportive of the principles of partnership, viewing the partnership model as an alternative to more adversarial approaches which they believed were counterproductive. Managers gave examples of instances where early engagement with employee representatives had ultimately led to much better business decisions. It was suggested that the consultation framework and partnership ethos ensured there was an opportunity to explore in detail the potential pitfalls or unintended consequences of business proposals. In turn this was believed to lead to a greater legitimacy of decisions in the long-term. Again, it was suggested that the partnership model encouraged managers to have a greater appreciation of the importance of employee representation, while representatives also had an appreciation of the logic driving the business perspective.

For employee representatives, the main benefits included the opportunity to influence

business decision making, especially in relation to issues of organisational change, and the opportunity to be consulted at an early stage. Given that partnership did not necessarily mean joint decision making, representatives emphasised the importance of developing a sophisticated and persuasive evidence-based critique of business proposals they found problematic, and to propose convincing alternative solutions they believed were more suitable. It was suggested that simply rejecting unpalatable proposals was not enough; the emphasis was upon the power to persuade. Representatives gave examples of instances where the partnership dialogue had resulted in compromises being reached, resulting in decisions which were better than they otherwise might have been, and which balanced the business view with the employee perspective to a greater degree. Given that partnership also legitimised the importance and value of collective employee representation, other benefits included better access to key business decision makers, more extensive communication regarding the business priorities, and consultation and involvement across a broader range of issues.

What are the challenges?

While the research provides some support in relation to the potential benefits of partnership, it was recognised that developing and sustaining partnership relationships was not straightforward, especially for the managers and representatives involved in the formal process. However, an additional challenge was ensuring the engagement and support of those who operate outside the 'partnership system' on a day-to-day basis. For example, there was the challenge of ensuring middle managers across the organisation, who were typically responsible for the implementation of decisions, supported and understood the partnership ethos. This sometimes proved difficult, and it was recognised that middle managers sometimes experienced tensions between meeting their own performance objectives, and working in a way which supported partnership.

Another challenge was ensuring employees also understood the dynamics and purpose of the partnership model of representation. Again, employees occupied a space outside the partnership system, and a common concern of representatives was ensuring employees appreciated the value of representation, given that partnership processes were often low-key compared to more vociferous models of representation. The importance of representatives communicating regularly with employees in order to build trust and respect was therefore emphasised.

The future of partnership

In each of the three cases, there was a strong commitment to partnership. However, the approach was driven by a relatively small core of key people. Given that partnership was about building and managing relationships, there were questions about the impact of the 'partnership champions' leaving the organisation, and turnover of such actors was viewed as potentially problematic. The effect of a change in government policy was also questioned. After all, partnership had been promoted by New Labour and there were concerns that employer interest in collective representation could potentially dissipate without explicit state endorsement and guidance regarding the value and legitimacy of collective employee representation. Finally, there were concerns regarding the sustainability of partnership over time, and the potential effects of a major organisational trauma such as the current economic downturn. There was recognition that like all relationships, the true test is when the relationship is put under a sustained period of stress. Undoubtedly, the recent

change in government, the global financial crisis, downsizing, pension reform and swathes of mergers and acquisitions across the finance sector present a crucial test of resilience. It is the impact of this stress which forms the subject of ongoing research at Loughborough examining the resilience of collaborative workplace relations through a period of adversity, and the future of voice and representation.

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His research interests include employee participation and voice, as well as HRM/employment relations in financial services, manufacturing and construction more generally. He is author of Johnstone, S (2010) Labour and management co-operation: workplace partnership in UK financial services, Gower, Basingstoke.

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